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United States Senate

COMMITTEE ON
GOVERNMENT OPERATIONS

WALTER L. REYNOLDS
CHIEF CLERK AND STAFF DIRECTOR

June 28, 1963

Honorable Paul H. Douglas
United States Senate
Washington, D. C.

Dear Senator Douglas:

This will acknowledge receipt of your letter of June 21, 1963, with reference to the bill you introduced, S. 1577, to authorize the Administrator of the General Services to coordinate and otherwise provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal departments and agencies.

I am sure you are aware of the fact that this committee, as well as its Subcommittee on Reorganization and International Organizations of which Senator Hubert H. Humphrey is chairman, has been studying the various operations of the Government in relation to automatic data processing and the retrieval of scientific information, since 1957.

The committee approved the printing of a staff study "Documentation, Indexing, and Retrieval of Scientific Information" as Senate Document 113 in the 86th Congress, a copy of which is attached. During the course of this staff study analyses were made of the automatic data processing and technical information retrieval equipment purchased or leased by agencies most representative of Government operations in the fields of science and technology. A majority of these agencies were cooperative with the staff and expressed a desire to improve existing programs or to initiate new systems on the most economical basis possible. In some instances, purchase of the equipment was held to be desirable, while in other operations leasing on a test basis was considered to be more economical.

Honorable Paul H. Douglas

Page 2

Some of these agencies have already contacted the committee, stating that they had no opportunity to be heard when the House Committee on Government Operations recently held hearings on the companion bill, H.R. 5171, and requested an opportunity to appear before this committee before any action is taken.

In addition, certain of the larger industrial firms which have contracts with Federal agencies in the development of missiles, military materiel or operational programs, have indicated that they desire to be heard as there is some apprehension as to the effect this proposed legislation might have on their operations.

Accordingly, it may be necessary to hold extensive hearings on these proposals in order that those agencies which may be affected (in addition to representatives of the General Accounting Office and the General Services Administration who testified before the House Committee on H.R. 5171) and industries which are also involved, may have an opportunity to present their views to the committee.

It is not possible to set a definite date for such hearings at this time, as there are a number of hearings now underway by subcommittees dealing with other matters to which they have devoted considerable amount of study and attention. Your request will be brought to the attention of the committee at the first opportunity, however, and you will be kept informed of developments.

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With kind regards, I am

Sincerely yours,

John L. McClellan
Chairman

Enclosure

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United States Senate

COMMITTEE ON
GOVERNMENT OPERATIONS
OFFICIAL BUSINESS

John McClellan
U. S. S.

Hon. John A. McCone
Director
Central Intelligence Agency
Washington 25, D. C.

ER

ing this section to coordinate and otherwise provide for the
economic and efficient purchase, lease, maintenance, opera-
tion, and utilization of automatic data processing equipment
or systems and related equipment and supplies by executive
agencies, including the establishment of equipment pools
and data processing centers for joint use. It is also the sense

IN THE SENATE OF THE UNITED STATES

May 21, 1963
or systems should be purchased rather than leased by the
Mr. DOUGLAS introduced the following bill; which was read twice and referred
to the Committee on Government Operations

thereof clearly can be demonstrated to be in the public in-
terest. To the maximum extent practicable, such equipment
or systems reducing the cost of such equipment in the performance of ne-

A BILL

to authorize the Administration of the General Services
coordinate and otherwise provide for the economic and effi-
cient purchase, lease, maintenance, operation, and utilization
of automatic data processing equipment by Federal depart-
ments and agencies.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress assembled,
That the Federal Property and Administration Services Act of 1949 (63 Stat. 377) is amended, in part, by
further amending section 222 (a) of that Act, as amended,
to read as follows: "(a) It is the policy of the Government to
economy, efficiency, or service, after consultation with and

1 ing this section to coordinate and otherwise provide for the
 2 economic and efficient purchase, lease, maintenance, opera-
 3 tion, and utilization of automatic data processing equipment
 4 or systems and related equipment and supplies by executive
 5 agencies, including the establishment of equipment pools
 6 and data processing centers for joint use. It is also the sense
 7 of the Congress that automatic data processing equipment
 8 or systems should be purchased rather than leased by the
 9 Federal agencies except in situations where the leasing
 10 thereof clearly can be demonstrated to be in the public in-
 11 terest. To the maximum extent practicable, such equipment
 12 or systems required by contractors in the performance of ne-
 13 gotiated contracts with the Federal agencies where the whole
 14 or a substantial part of the cost of such equipment or systems
 15 would become a part of Government contract prices will be
 16 furnished by the Government with title or leasehold interest
 17 remaining in the Government.
 18 It is also the intention of the Congress that no execu-
 19 tive agency shall be exempted from the provisions of this
 20 bill except under extraordinary circumstances.
 21 (b) Subject to regulations issued by the President pur-
 22 suant to subsection (c) the Administrator shall in respect of
 23 executive agencies and to the extent that he determines so
 24 doing is advantageous to the Government in terms of
 25 economy, efficiency, or service, after consultation with and

1 with due regard to the program activities of the agencies con-
 2 cerned, (1) consolidate, take over, acquire, or arrange for
 3 the maintenance or operation by any executive agency of,
 4 (a) automatic data processing equipment or systems and other
 5 related equipment and supplies, including contractor inven-
 6 tory, or arrange for obtaining similar services by contract;
 7 and (2), provide for the purchase, lease, maintenance, or
 8 operation of automatic data processing equipment or systems,
 9 and establish equipment pools and data processing centers for
 10 joint use when necessary for its most efficient and effective
 11 utilization. On and after July 1, 1965, existing appropria-
 12 tions, and unless specifically so provided, future appropria-
 13 tions of the agencies concerned, other than appropriations to
 14 the fund established under subsection (d), shall not be avail-
 15 able for the purchase, lease, or installation of such automatic
 16 data processing equipment or systems and other related
 17 equipment and supplies as the Administrator consolidates,
 18 takes over, or acquires pursuant to this subsection or for
 19 obtaining similar services by contract. The Administrator
 20 shall, so far as practicable, provide any of the services speci-
 21 fied in this subsection to any other Federal agency, mixed
 22 ownership corporation (as defined in the Government Cor-
 23 poration Control Act), or the District of Columbia, upon its
 24 request.
 25 (d) (e) The President shall, within ninety days after the

1 effective date of this section, issue regulations under this
 2 section providing policy guidance and overall direction and
 3 establishing procedures for the taking effect of determinations
 4 made by the Administrator pursuant to subsection (b).
 5 Such regulations shall also provide for adequate notice to
 6 executive agencies of any determinations affecting them or
 7 their functions; for independent review and decision as di-
 8 rected by the President of any determination not mutually
 9 agreed upon between the Administrator and the agency
 10 concerned, including exemption of any agency, in whole
 11 or in part, from any determination; and for enforcement of
 12 determinations becoming effective under such regulations.
 13 No determination made pursuant to subsection (b) shall be
 14 binding upon any agency except as provided in such regu-
 15 lations.
 16 (d) There is hereby authorized to be established on the
 17 books of the Treasury a Federal automatic data processing
 18 fund which shall be available within such amounts as may
 19 be provided annually in appropriation Acts for use by or
 20 under the direction and control of the Administrator for
 21 paying all elements of cost incident to the acquisition, pur-
 22 chase, lease, maintenance, and operation of automatic data
 23 processing equipment or systems and related equipment
 24 and supplies; to the establishment of equipment pools and
 25 data processing centers pursuant to subsection (b); and to

1 similar services obtained by contract. There are author-
2 ized to be appropriated to the fund such sums as may be
3 required, which sums, together with any adjustments to cap-
4 ital pursuant to subsection (f), shall constitute the capital
5 of the fund. Payments by requisitioning agencies shall be
6 at prices fixed by the Administrator at levels which will
7 recover so far as practicable all elements of such cost, includ-
8 ing depreciation of equipment and provision for accrued
9 leave. The fund shall be credited with all reimbursements
10 and refunds or recoveries resulting from operation of the
11 fund, including the net proceeds of disposal of excess or
12 surplus property and receipts for loss or damage to property:
13 *Provided*, That the cost of automatic data processing equip-
14 ment or systems shall be recovered only through charges
15 for the cost of amortization: *Provided further*, That no part
16 of the cost of automatic data processing equipment or sys-
17 tems acquired by the Administrator without reimbursement
18 shall be recovered through charges to the agency from whom
19 the equipment or systems was obtained but such agency
20 shall consider the cost thereof in fixing the rate or charges
21 for services rendered to the public under authority of law
22 involving the use of such equipment or systems: *And pro-*
23 *vided further*, That such costs shall be determined in ac-
24 cordance with the accrual accounting method and financial
25 reports shall be prepared on the basis of such accounting.

1 Whenever the Administrator takes over pursuant
 2 to subsection (b) or section 205 (f) any automatic data
 3 processing equipment or systems or other related equipment
 4 or supplies from any Government corporation, or from any
 5 other agency, if such equipment or supplies have been
 6 acquired by such agency through expenditures made from,
 7 and not theretofore reimbursed to, any revolving or trust
 8 fund authorized by law, the Administrator shall reimburse
 9 such corporation or fund by an amount equal to the fair
 10 market value of the equipment or supplies so taken over.
 11 If thereafter the Administrator returns to such corporation
 12 or agency any automatic data processing equipment or other
 13 related equipment or supplies, the Administrator shall be
 14 reimbursed, by the payment to him, by such corporation or
 15 (from such fund) of an amount equal to the fair market value
 16 of the equipment or supplies so returned.
 17 (f) When reimbursement is not required under sub-
 18 section (e), the value, as determined by the Administrator,
 19 of any automatic data processing equipment or other related
 20 equipment or supplies taken over under the authority of
 21 subsection (b) or section 205 (f) may be added to the
 22 capital of the fund, and in the event that property similar
 23 in kind is subsequently returned, the value thereof may be
 24 deducted from the fund.
 25 (g) Following the close of each fiscal year any net

88TH CONGRESS
1ST SESSION

S. 1577

A BILL

To authorize the Administrator of the General Services to coordinate and otherwise provide for the economic and efficient purchase, lease, maintenance, operation, and utilization of automatic data processing equipment by Federal departments and agencies.

By Mr. DOUGLAS

MAY 21, 1963

Read twice and referred to the Committee on Government Operations

1 out the provisions of this section.

2 to issue such regulations as he determines necessary to carry

3 pertinent to subsection (c), the Administrator is authorized

4 " (b) subject to the regulations issued by the President

5 miscellaneous receipts.

6 shall be transferred to the Treasury of the United States as

7 income after making provision for prior year losses.